



Request for City Council Committee Action From the Office of the City Coordinator

Date October 22, 2002

To Ways & Means/ Budget Committee

Submitted by Kim W. Havey, Director, Minneapolis Empowerment Zone, 673-5415

Approved by John Moir, City Coordinator

Subject Approval of \$164,000 in federal Empowerment Zone funds for a working capital loan to Siyeza and \$20,000 to hire a business management consultant.

Presenters in Committee Kim W. Havey

Recommendation

- (1) Authorize \$164,000 for Siyeza, payable from 0300-840-8460;
- (2) Authorize the proper city officers to execute a contract with Siyeza, setting forth the terms and conditions of the agreement;
- (3) Direct City staff to hire a business management consultant to assist in an evaluation of Siyeza.

Financial Impact

- ☒ No financial impact or Action is within current budget.
- ☐ Action requires an appropriation increase to the Capital Budget
- ☐ Action requires an appropriation increase to the Operating Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):
- ☐ Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information

Siyeza, a frozen and refrigerated food manufacturing company located at 1000 Humboldt Avenue North, was created in 1997 as a result of a model created by the Stairstep Initiative to demonstrate how economic projects of significant scale can be done in inner city areas. Siyeza now employs 60 people, over 50% of which reside in the EZ. Siyeza requested a forgivable loan of \$458,000 from the Empowerment Zone for working capital based on the following conditions:

- 1) Increase permanent employees from 60 to 120 by December 31 2004, and
- 2) Implement a plan for transfer of 1/3 of the equity ownership of Siyeza to employees by December 31, 2004.

On October 17, 2002 the EZ Executive Committee approved \$164,000 in federal Empowerment Zone funds for a working capital loan to bridge Siyeza operation through 2002 and \$20,000 for management consultant services approved by the Empowerment Zone and Siyeza. As with previous funding, the use of federal EZ funds awarded to Minneapolis are recommended for approval by the EZ Executive Committee or Governance Board and presented to the City Council for final approval.